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Risk management reporting

Why the sky is not always blue, and the grass is not always green

BY REBECCA COPE-LEWIS

How often have we heard the cry "I try to get engagement with my senior management team or board, but they don't seem interested"? If this is the case, then perhaps we should look at how the information we convey in our risk management reports is presented.

I have had the pleasure over several years to read and write a good many risk reports. From both the reader and writer's perspective I have in general found them to be too long, too detailed and often punctuated with the inevitable heat map (which I am convinced is sometimes only there to have something pretty to look at). Where data is provided, this often only shows negligible incremental improvement trends over the time period. As a reader, these types of reports dull the senses and do little to stimulate conversation. As a writer, it is demoralising to report on a subject that appears to have had so little traction since the previous reporting period. For the time a report can take to compile, this just seems absurd. For me, if a report takes more than a few hours to create, then you must ask yourself just what data you are collecting and why.

So, how do we go about providing risk reports that maintain the integrity of the information needed to make decisions but also capture the interest of the reader? And, more importantly, how do we ensure things happen as a result of that report that improve the risk journey your organisation is on?

Put yourself into your senior management's shoes – Imagine you must read several reports in a short amount of time, all of which require you to make decisions or direct resources. For example, would you really need to read every month about a risk that is within tolerance where there have been no events that could impact on this risk just because it is on the principal risk register, or your top *N* risk table? Or would you rather read more information about the risks that are out of tolerance? Don't make your report a 'vanity' report on risk management – give your audience something that they can act on and make a difference with.

Use tolerances, not raw numbers – How often do you see reports with outstanding actions for mitigation plans? Nobody likes a to-do list, especially when presented month after month with data that tells them they have n number outstanding or *X%* >Y days. Not only is it monotonous, but it becomes just another list of stuff that managers must deal with. Look to introduce tolerance levels for outstanding items and set the tolerance levels in proportion to the action importance. Not only is this a risk-based approach, it is also pragmatic.

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League tables and segmentation – I used to present data for policies that had been attested vs those that had not – the usual 75 per cent complete, 25 per cent still outstanding, and month on month the outstanding number changed by microscopic amounts. Changing the reporting method by presenting the per cent completed by business unit instead meant that all eyes turned to the manager of the business unit that was at the bottom of the league table. The second time this was reported, all business units were at 100 per cent. Job done.

Changing how you report will not make the sky always blue and grass always green, but it should enable you to generate conversation, and that is a good route to improving risk management.

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